

# ROUND

## OF MULTILATERAL TRADE NEGOTIATIONS

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### SECOND SERIES OF NEGOTIATING GROUP MEETINGS MARKED BY MANY NEW PROPOSALS

The second series of meetings of the fourteen Uruguay Round negotiating groups covering subjects in the goods area ended in late June. During recent weeks many important new proposals have been tabled by participants.

#### MTN Agreements and Arrangements ... 21 May

The group agreed that all participants were entitled to participate fully in every stage of its work - thus, non-signatories of the Tokyo Round will be able to take a full part in any negotiations conducted by the Group - and that decisions would be taken by consensus (as is normal practice in the GATT). One of the main specific points of discussion was the Anti-Dumping Code. An analysis by one developing country participant proposed that negotiations should be held on thirteen specific issues arising under the code - covering both substantial and procedural points. This same country declared that the national legislation of some code signatories contained measures or procedures which were either inconsistent with the code or were being arbitrarily administered. It expressed concern at the increasing frequency of anti-dumping cases and insisted that these actions often resulted in real trade barriers - a view supported by some other participants. Another member of the Group submitted, in relation to the Agreement on Technical Barriers to Trade, proposals concerning transparency in the drafting and operation of standards and certification systems. The interpretation of Article 14:5 of the Subsidies Code was also identified by a developing country participant as a matter for the Group's attention.

Safeguards ... 25 and 27 May

Two proposals, both suggesting that Article XIX actions must continue to be taken on a non-discriminatory basis were presented. One participant put forward a proposal on the elements of a safeguards agreement - suggesting that it should take the form of an amendment to Article XIX and that safeguard action should primarily consist of adjustment assistance for domestic producers. Action at the border would only be possible in a second phase after a collective determination in GATT had been reached. Special and differential treatment for developing countries should form an integral element of the new Article XIX. A second proposal from five "Pacific Rim" countries - developed and developing - suggested, among other things: tougher criteria in establishing the link between increased imports and an overall decline in the condition of domestic producers; safeguard measures to be clearly non-discriminatory; tariffs to be the normal mechanism for safeguard actions but when in the form of quantitative restrictions these should be at or above a defined level; increased transparency and notification requirements; a normal duration for restrictions of no more than three years - a total of five years in certain circumstances; degression over the currency of the measures, and the possibility of compensation for less-developed countries affected by safeguard measures. A new Surveillance Body on Safeguards was proposed by this group. Supporting evidence tabled by one participant indicated that the average duration of Article XIX actions has been 3.26 years.

Subsidies and Countervailing Measures ... 1 - 2 June

Further propositions tabled to join those put forward at the first meeting of the Group. It was suggested that the time was especially ripe for negotiations in the area of subsidies given the severe budgetary problems faced in some countries and the growing awareness of the limited economic return on the use of subsidies. Several contributions emphasised the negotiating link between Article VI (rules on countervailing actions) and Article XVI (rules on the use of subsidies). It was suggested that problems associated with countervailing measures could more easily be dealt with once the subsidy rules had been clarified. One group of participants emphasised, in this respect, the need for agreement on the definition of a subsidy - a question which has been the subject of much work in recent years. Other aspects of tightening the subsidy disciplines were discussed although some delegates emphasised that subsidies could be a desirable policy instrument for certain development objectives and should be recognized as such in any agreement. With respect to countervailing measures, it was pointed out that loopholes in the existing rules permitted unilateral practices and arbitrary interpretations.

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Trade-related Aspects of Intellectual Property ... 10 June

The Group had before it submissions outlining trade problems encountered in connection with intellectual property rights which, in total, represented the experience of some 18 industrial countries. Among other things these submissions dealt with inadequacies in the availability or scope of intellectual property rights, ineffective procedures and remedies for the enforcement of such rights and national rules which discriminate against imports. While some other participants agreed that trade distortions and impediments that needed examination were arising in these ways, others doubted that some of the issues raised, for example those relating to the availability and scope of intellectual property rights, were primarily trade-related issues that should be the subject of the work in the Group. It was noted that the existing GATT provisions did not adequately address many of the issues raised. For some participants, this indicated that new rules and disciplines were necessary, while for others it confirmed that some of the issues fell outside the area of proper concern of the Group. The proposal that the 1982 draft Agreement to Discourage the Importation of Counterfeit Goods should be immediately opened for signature was again discussed, with most speakers preferring further study, aimed for example at improvement and possible extension of the approach contained in the draft agreement. A suggestion was also made that more countries should accede to the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, administered by WIPO.

Trade related investment measures ... 15 June

Four submissions identified investment measures having a trade restrictive or distorting effect and GATT Articles that might be relevant to these trade effects. Among the measures identified were: local content and export performance requirements, domestic sales and trade balancing requirements, local equity and technology transfer requirements and remittance restrictions. The GATT Articles most frequently cited as relevant to one or more of these measures were: Article III (national treatment), Article VI (anti-dumping and countervailing duties), Article X (publication of trade regulations, with respect to transparency), Article XI (quantitative restrictions), Article XVI (subsidies), and Article XVII (State trading). During discussion, many delegations pointed out the possible relevance of Article XVIII in the context of restrictions to safeguard the balance of payments and government assistance to economic development. Among the preliminary views expressed were many which acknowledged the potential trade effects of some of these measures but stressed their necessity and validity in seeking to regulate flows of direct foreign investment and promote national development objectives.

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Functioning of the GATT system ... 23 June

The Group concentrated particularly on surveillance in the GATT. Existing GATT bodies with a surveillance role include: the Uruguay Round Surveillance Body overseeing standstill and rollback; twice-yearly special Council meetings; the Committee on Trade and Development; the Balance-of-Payments Restrictions Committee; the Committees of the Tokyo Round MTN codes and the Textiles Surveillance Body (MFA). The Group had before it several new proposals for enhancing the effectiveness of surveillance. In particular, the concept of regular reviews of the trade policies of specific countries was promoted. This might mean a regular (every three or four years) review of the policies of each of the biggest, say, thirty traders with others subject to ad hoc examinations. A more significant role for the GATT secretariat in surveillance was also suggested. While, in discussion, it was widely accepted that effective surveillance was an important means of ensuring transparency and predictability in policy making, views differed on whether its prime purpose was to monitor and ensure compliance with GATT provisions or to provide a more general overview of trends in trade policy. Thus, some participants favoured a collective assessment of trends rather than a country-by-country review system. Equally, views differed on whether or not a new standing surveillance body would be necessary.

Disputes settlement ... 25 June

A number of new submissions were discussed with many participants giving notice of their intention to table further proposals. There is broad agreement in the group that the disputes procedure has been working comparatively well and that radical reforms are not necessary. At the same time, there are many ideas for improvements to the system. Among those mentioned were: an examination of "third parties" initiating action concerning "grey area" measures; an enhanced mediation role for the Director General; a binding arbitration process; binding, enforceable timetables for various stages of the disputes settlement process; increased use of non-governmental experts as panellists; a procedure to deal with the blocking of the adoption of panel reports in the Council and a means of ensuring implementation of adopted recommendations.

Note to Editors

Press bulletins on the Uruguay Round will be issued regularly and are intended as an indication of the subject areas under discussion rather than as detailed accounts of negotiating positions. Journalists seeking further background information are invited to contact the GATT Information Service.

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These accounts of negotiating meetings should be read in conjunction with the text of the Punta del Este Ministerial Declaration (GATT/1396 - 25 September 1986) and the decisions taken on 28 January this year regarding the negotiating structure, the negotiating plans and the surveillance of standstill and rollback (GATT/1405 - 5 February 1987). Further copies of these documents are available from the GATT Information Service.

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